

AUGUST 30-31, 2022
SAN DIEGO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Quarterly Board Meeting
DAY 2





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, California 95827

Mailing Address: P.O. Box 26000, Sacramento, CA 95826

800.321.CSLB (2752) | www.cslb.ca.gov | CheckTheLicenseFirst.com

STATE OF CALIFORNIA

Governor Gavin Newsom

NOTICE OF PUBLIC BOARD MEETING

Day 1: August 30, 2022, 1:00 p.m. – 5:00 p.m. (or until the conclusion of business)

Day 2: August 31, 2022, 8:30 a.m. – 11:30 a.m. (or until the conclusion of business)

MEETING LOCATION

Holiday Inn San Diego Bayside

4875 N. Harbor Drive

San Diego, CA 92106

Meetings are open to the public except when specifically noticed otherwise in accordance with the Open Meeting Act. All times when stated are approximate and subject to change without prior notice at the discretion of the Board unless listed as “time certain.” Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. **Action may be taken on any item listed on this agenda, including information-only items.** The meeting may be canceled without notice.

Members of the public can address the board during the public comment session. Public comments will also be taken on agenda items at the time the item is heard and prior to the Board taking any action on said items. Total time allocated for public comment may be limited at the discretion of the board chair.

The meeting will also be live webcast (with an approximate 30 second delay). Links are available at the end of this agenda.

MEETING AGENDA – Day 1

Tuesday, August 30, 2022 – 1:00 p.m.

- A. Call to Order, Roll Call, Establishment of Quorum and Chair’s Introduction
- B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests
(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).
- C. Presentation of Certificates of Recognition – May Include Oral Presentations
Commemorating Board Member and Subject Matter Expert Achievements
- D. Executive
 1. Review and Possible Approval of the June 16, 2022, Board Meeting Minutes
 2. Review and Possible Approval of the August 3, 2022, Enforcement Committee Meeting Summary Report

3. Registrar's Report
4. CSLB Budget Update
5. Administration Update Regarding Personnel and Facilities
6. Information Technology Update
7. Update, Review, Discussion and Possible Action on 2022-24 Administration and Information Technology Strategic Plan Objectives

E. Enforcement

1. Update, Review, Discussion and Possible Action on 2022-24 Enforcement Strategic Plan Objectives
2. Enforcement Program Update
 - a. Statistical Update
 - b. Staff Vacancy Update
 - c. Consumer Investigation Highlights
 - d. General Complaint-Handling Statistics
 - e. Statewide Investigative Fraud Team Highlights and Statistics
3. Update on the Solar Energy System Restitution Program

F. Licensing

1. Update, Review, Discussion and Possible Action of 2022-24 Licensing and Testing Strategic Plan Objectives
2. Licensing and Testing Program Statistical Update
3. Test Administration Centers Outsourcing Update
4. Review, Discussion, and Possible Action on Entering into a General Building Trade Exam Waiver Agreement with Mississippi Pursuant to Business and Professions Code Section 7065.4

G. Public Affairs

1. Update, Review, Discussion and Possible Action on 2022-24 Public Affairs Strategic Plan Objectives
2. Public Affairs Update

- a. Disaster Response
- b. Video/Digital Services
- c. Social Media Highlights
- d. Stakeholder Communications
- e. Media Relations
- f. Consumer/Community Outreach
- g. Publication/Graphic Design Services
- h. Intranet/Employee Relations

H. Legislation

1. Update, Review, Discussion and Possible Action on 2022-24 Legislative Strategic Plan Objectives
2. Review, Discussion, and Possible Action on 2021-22 Pending Legislation
 - a. AB 646 (Low) Department of Consumer Affairs: boards: expunged convictions
 - b. AB 1747 (Quirk) Contractors: disciplinary action
 - c. AB 2105 (Smith) Contractors: initial license fee reduction: veterans
 - d. AB 2374 (Bauer-Kahan) Crimes against public health and safety: illegal dumping
 - e. AB 2894 (Cooper) Contractors: workers' compensation insurance
 - f. AB 2916 (McCarty) Contractors: disclosure of letters of admonishment
 - g. SB 216 (Dodd) Contractors: workers' compensation insurance: mandatory coverage
 - h. SB 1076 (Archuleta) Lead-based paint
 - i. SB 1164 (Stern) Energy: building energy efficiency: heating, ventilation, and air conditioning equipment: sale registry and compliance tracking system: compliance document data registry
 - j. SB 1237 (Newman) Licenses: military service
 - k. SB 1443 (Roth) The Department of Consumer Affairs
 - l. SB 1495 (Committee on Business, Professions and Economic Development) Professions and vocations
3. Regulatory Updates / Actions
 - a. Review, Discussion, and Possible Action to Initiate a Rulemaking to Amend and/or Make Non-substantive Rule 100 Changes to Title 16, California Code of Regulations (CCR), Section 811 (Fees) and Repeal Section 812 (Dishonored Check Service Charge)
 - b. Review, Discussion, and Possible Action to Amend Title 16, CCR, Section 872 (Disclosure of General Liability Insurance) and Update on Title 16, CCR, Section 872.1 (Checklist for Homeowners) Rulemaking

I. Adjournment

MEETING AGENDA DAY 2
Wednesday, August 31, 2022, 8:30 a.m.

- A. Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction

- B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests
(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

- C. Joint Discussion with Nevada State Contractors Board (NSCB)
 - 1. Presentation by National Electrical Contractors Association Executive Director of Network Integration and Services Jeff Beavers

 - 2. Discussion Regarding CSLB and NSCB Operational and Structural Comparison
 - a. Board Member Composition
 - b. Budget
 - c. License Population
 - d. License Fee Schedule
 - e. Criminal Background Checks
 - f. Insurance Requirements
 - g. Exam Waivers with Other States
 - h. Consumer Restitution Programs

 - 3. Discussion on Combatting Nevada's and California's Underground Economy
 - a. Unlicensed Activity
 - b. Workers' Compensation Enforcement
 - c. Permit Avoidance
 - d. House Flipping

 - 4. Partnering with State Agencies
 - a. Joint Enforcement Strike Force
 - b. Labor Enforcement Strike Force

 - 5. Multi-State Sting and Sweeps

 - 6. Outreach Successes and Opportunities

- D. Adjournment

Note: The Board intends to provide a live webcast of the meeting. Please be aware there will be an approximate thirty (30) second delay in the webcast. The webcast can be found at www.cslb.ca.gov or on the board's YouTube Channel: <https://www.youtube.com/user/ContractorsBoard/>. Webcast availability cannot be guaranteed due to limitations on resources or technical difficulties. The meeting will not be cancelled if webcast is not available. Meeting adjournment may not be webcast if adjournment is the only item that occurs after a closed session

The meetings are accessible to those needing special accommodation. A person who needs a disability-related accommodation or modification in order to participate in the meetings may make a request by calling (916) 255-4000, or emailing Mariah.Rovera@cslb.ca.gov, or mailing a request for an accommodation to: Contractors State License Board, 9821 Business Park Drive, Sacramento, CA, 95827. Providing your request at least five business days prior to the meetings will help ensure availability of the requested accommodation.



CONTRACTORS STATE LICENSE BOARD

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AGENDA ITEM A

Call to Order, Roll Call, Establishment of Quorum and Chair's Introduction

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

Board Member Roster

RODNEY M. COBOS

DIANA LOVE

DAVID DE LA TORRE

MICHAEL MARK

MIGUEL GALARZA

STEVEN PANELLI

SUSAN GRANZELLA

JAMES RUANE

ALAN GUY

JOHNNY SIMPSON

JACOB LOPEZ

MARY TEICHERT



AGENDA ITEM B

Public Comment Session - Items Not on the Agenda

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)). Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board should not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending administrative or criminal action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
 - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
 - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.



AGENDA ITEM C

Joint Discussion with Nevada State Contractors Board (NSCB)



AGENDA ITEM C-1

Presentation by National Electrical
Contractors Association Executive
Director of Network Integration
and Services Jeff Beavers



AGENDA ITEM C-2

Discussion Regarding CSLB and NSCB Operational and Structural Comparison

- a. Board Member Composition
- b. Budget
- c. License Population
- d. License Fee Schedule
- e. Criminal Background Checks
- f. Insurance Requirements
- g. Exam Waivers with Other States
- h. Consumer Restitution Programs





CONTRACTORS STATE LICENSE BOARD

DISCUSSION REGARDING CSLB AND NSCB OPERATIONAL AND STRUCTURAL COMPARISON

Comparison of CSLB and NSCB Regulations/Operations

	California		Nevada	
Year Started	1929		1941	
# of Board Members	15		7	
Board Member Makeup	Ten Public Members <ul style="list-style-type: none"> • One Labor Representative • One Building Official • One Senior Citizen Organization Five Contractor Members <ul style="list-style-type: none"> • One "A" Engineering Contractor • Two "B" General Contractors • Two "C" Specialty Contractors 		One Public Member Six Contractor Members	
Board Member Appointing Authority	Governor: 11 Members Senate Pro Tempore: 2 Public Members Assembly Speaker: 2 Public Members <i>All members serve four-year terms</i>		Governor: All 7 members <i>All members serve three-year terms</i>	
Budget (fiscal year 2021-22)	\$74,922,00		\$7,081,150	
Staff Size	425		54	
# of Licensees		As of 7/1/2022 Change from 7/1/2021		As of 6/30/2022 Change from 6/30/2021
	Active:	236,195 Up 5,734	Active:	17,416 Up 332
	Inactive:	50,239 Down 1,741	Inactive:	509 Up 29
	Total:	286,434 Up 3,993	Total:	17,925 Up 361
# of New Applications (fiscal year 2021-22)	43,781		2,395	
Develop Exams / Administer Exams	Yes 20 PSI-run Test Centers in California 8,757 Law exams administered 12,055 Trade exams administered		Yes 3 PSI-run Test Centers in Nevada 30 PSI-run Test Centers Nationwide 1,493 CMS exams administered by PSI 1,582 Trade exams administered by PSI	



CONTRACTORS STATE LICENSE BOARD

DISCUSSION REGARDING CSLB AND NSCB OPERATIONAL AND STRUCTURAL COMPARISON

# of Renewal Applicants (fiscal year 2021-22)	116,856	7,637
Cost of Original Application / Exam / Initial License	Application: \$450 Initial License (Sole Owner): \$200 Initial License (Non-Sole Owner): \$350	Application: \$300 Initial License: \$600
Criminal Background Checks	Yes	Yes
Time Until License is Renewed	Two Years	Two Years
Cost of Renewal	Renewal (Sole Owner): \$450 Renewal (Non-Sole Owner): \$700	\$600
Surety Bond	Yes	Yes
Workers' Compensation Insurance	Yes	Yes
General Liability Insurance	Yes (only if LLC)	No
Handyman Exemption	Yes Less Than \$500	Yes Less Than \$1,000
Exam Waivers Availabilities "Reciprocity" "Endorsement"	Yes – 3 States Arizona, Louisiana, Nevada	Yes – 12 States Alabama, Arizona, California, Connecticut, Florida, Hawaii, Louisiana, New Mexico, North Carolina, South Carolina, Tennessee, West Virginia
# of Complaints (fiscal year 2021-22)	Licensed: 14,893 Unlicensed: 4,265	Licensed: 1,440 Unlicensed: 712
Recovery Fund	Yes Solar	Yes Residential
Amount of Restitution Recovery / Recovery Funds Awarded (fiscal year 2021-22) Since Inception	\$45,954,518 General Restitution 1.4 million Solar Recovery Fund	\$767,076.10 \$14,215,107.00
# of Licenses Revoked (fiscal year 2021-22)	446	39

AGENDA ITEM C-3

Discussion on Combatting Nevada's and California's Underground Economy

- a. Unlicensed Activity
- b. Workers' Compensation Enforcement
- c. Permit Avoidance
- d. House Flipping





CONTRACTORS STATE LICENSE BOARD

DISCUSSION ON COMBATTING NEVADA'S AND CALIFORNIA'S UNDERGROUND ECONOMY

The written updates corresponding with Agenda Item C of this packet are topics for Nevada and California board member discussion at the August 31 meeting.

Unlicensed Activity

Contracting without a license is an administrative violation and a crime in both Nevada and California. Unlicensed contractors intentionally evade licensing, payroll taxes, and workers' compensation insurance and bonding requirements that shift costs to law-abiding businesses and consumers.

The size of the underground economy is difficult to estimate, but it likely amounts to billions in uncollected tax revenue in both states. When consumers use unlicensed contractors, they are at financial risk for project abandonment, poor workmanship, and health and safety concerns, among other issues.

- CSLB referred 208 unlicensed contractor cases to local district attorneys for criminal prosecution in 2021 and issued 698 administrative citations to unlicensed contractors, amounting to \$1.7 million in civil penalties collected.
- In 2021, the CSLB Statewide Investigative Fraud Team (SWIFT) conducted 18 undercover sting operations and participated in 160 sweeps of active construction sites and responded to 910 leads to active jobs for unlicensed activity and workers' compensation violations.

Nonetheless, complaints against unlicensed contractors consistently make up between 18-20% of "reactive" complaints (consumer filed) with CSLB. And in June of 2022, CSLB surveyed 180 random online advertisements, 60 postings in each of the Northern, Central, and Southern California regions. Staff found that 78 percent did not provide a contractor's license number in the advertisements, and were likely unlicensed.

CSLB's **recent strategies** for combatting the underground economy:

- **Continue increasing undercover sting operations for unlicensed activity to pre-COVID levels.** Prior to the pandemic, the CSLB SWIFT unit averaged six or more undercover stings per month statewide. In 2018 SWIFT conducted 81 stings and in 2019 75 were conducted. SWIFT had already conducted 16 stings in the first couple months of 2020 when field operations were halted during the pandemic and staff redirected to COVID contact tracing, and no further stings were conducted the rest of the year.
- **Retain an outside consult to assess the size of California's underground economy in the construction industry.** The CSLB Enforcement Committee



CONTRACTORS STATE LICENSE BOARD

DISCUSSION ON COMBATTING NEVADA'S AND CALIFORNIA'S UNDERGROUND ECONOMY

has recommended that the full Board authorize staff to hire a consultant for this purpose and to determine necessary resource needs.

- **Improve outreach to consumers about the civil remedies available through Business and Professions Code section 7031.** This section allows a consumer who has used the services of an unlicensed contractor to recover all compensation paid to that contractor for work performed without a license.

Workers' Compensation Enforcement

Every year, only about 45% of licensed contractors file proof of workers' compensation insurance with CSLB and the remaining 55% claim not to have any employees by filing a "certificate of exemption" with CSLB. As such, most licensed contractors in California claim to have no employees every year.

CSLB research and enforcement efforts confirm this claim to be highly unlikely. CSLB regularly suspends contractors' licenses when employees are found on jobsites in reactive consumer complaints and issues "stop work" orders when finding employees on jobsites in the field. In the last three years, CSLB issued nearly 1,500 "stop work" orders for contractors found on jobsites with employees and no workers' compensation insurance (proactive enforcement of active jobsites).

These are some of the problems caused by contractors employing workers without workers' compensation:

- Responsibility for an injured worker may fall on a homeowner if the homeowners' insurance includes a worker's compensation rider.
- Uninsured contractors are unlikely to accurately report their employee tax withholding to the Employment Development Department (EDD). This creates a competitive advantage over businesses that comply with the law and reduces revenue available for schools, law enforcement and other public needs.
- Employees that are injured when working for uninsured employers can also resort to the courts to seek compensation, increasing the cost of civil litigation in California and financial risk to property owners. If an employer is not insured, a court of law could find a project owner to be responsible for the uninsured workers injuries.
- When a worker employed by an uninsured contractor is injured on the job, they can file a claim with the Uninsured Employer's Benefit Trust Fund (UEBTF) to seek compensation. The UEBTF is funded by premiums paid by lawfully insured employers, meaning the cost of an underinsured workforce is subsidized by law-abiding contractors, which creates an unlevel playing field in the market.



CONTRACTORS STATE LICENSE BOARD

DISCUSSION ON COMBATTING NEVADA'S AND CALIFORNIA'S UNDERGROUND ECONOMY

CSLB research and enforcement activities indicate a licensee's failure to obtain a workers' compensation insurance policy and/or having a false exemption on file is a widespread issue. CSLB has worked to address this problem for many years, with minimal success. Despite CSLB's efforts, the number of workers' compensation exemptions on file and contractors determined to be in violation has remained consistent.

The existing framework of allowing a licensed contractor to provide proof of workers' compensation insurance or file an exemption claiming they have no employees has not been effective. While the CSLB has and will take disciplinary action against any contractor found to have employees with an exemption on file, the CSLB is not staffed to audit the 123,000 contractor license entities who claim not to have any employees.

CSLB's **recent strategies** for addressing false workers' compensation exemption certificates:

- The Board sponsored legislation that was passed (AB 569, (Grayson) Chapter 94, Statutes of 2021) that, among other things, increases the maximum civil penalty for having a false certificate of workers' compensation on file with CSLB from \$5,000 to \$30,000.
- The Board sponsored a legislative bill in 2021 (Senate Bill 216, (Dodd) that prohibits three CSLB contractor license classifications that are particularly likely to have employees (C-8/Concrete, C-20/HVAC and D-49/Tree Service) from filing a workers' compensation exemption with CSLB starting next year. It would then extend this prohibition to all contractors in the next three years. The result is that by 2026, all licensed contractors will be required to have a certificate of workers' compensation insurance as a condition of licensure with CSLB. The bill successfully passed through the first house of the legislature onto the floor of the house and may soon be before the Governor for signature.

Permit Avoidance

Contractors must comply with applicable state or local laws relating to the issuance of building permits. In both California and Nevada, a contractor's failure to comply with building permit requirements is a cause for fines and/or license discipline.

Contractors avoid permits to save time and money, which exposes homeowners to additional liability and costs. Nevada recently issued a statewide industry bulletin (May 12, 2022), reminding contractors that pulling permits is required by law and warning that failure to do so is a dangerous liability for all involved. The CSLB developed a building permit training video for contractors detailing permit requirements, and how not pulling building permits hurts the property owner and a contractor's business. The CSLB also a



CONTRACTORS STATE LICENSE BOARD

DISCUSSION ON COMBATTING NEVADA'S AND CALIFORNIA'S UNDERGROUND ECONOMY

building permit complaint form and encourages consumers, contractors and building officials to file building permit complaints with CSLB.

The CSLB has zero tolerance for permit violations, taking 981 legal actions for the violation between January 2018 and June 2022. Nonetheless, it is likely CSLB does not learn of all the permit violations that are underway at a given time. For example, some reports find that permits are obtained for HVAC replacements as little as 10 percent of the time. Projects not installed to code place owners at a risk, and in the case of HVAC systems, prevents consumers from achieving energy savings and compromises California's building decarbonization efforts.

CSLB's **recent strategies** for addressing permit compliance :

- CSLB Public Affairs Office has a strategic plan item to develop communications with Warm-Air Heating, Ventilating and Air Conditioning contractors as well as Refrigeration contractors on energy work in line with Governor Newsom's carbon reduction goals.
- CSLB sponsored Assembly Bill 1747 (Quirk) in the state legislature, which increases CSLB's maximum fines for permit violations from \$5,000 to \$30,000. It is currently on the Senate Floor and may be on its way to the Governor for signature soon.

House Flipping

California and Nevada have each experienced problems with property owners improving properties they own without complying with contractor license, building permit, and workers' compensation laws.

In California, there are two problems:

1. Unlicensed individuals purchasing homes with no intention to live in them, perform (often substandard) work on the home with unlicensed persons, and sell the home to an unsuspecting consumer for a quick profit.
2. Licensed contractors fraudulently obtaining owner-builder permits to perform construction on homes they do not own to avoid regulatory oversight.

Both cases are an attempt to misuse "owner-builder" exemptions to contractor license requirements. Generally, the owner-builder license exemption is designed to allow a person to make improvements to their own real property that they reside in without being subject to license laws.

Developers and flippers fraudulently use owner-builder permits to avoid local and state oversight of license, insurance, accountability for the quality of work performed, and



CONTRACTORS STATE LICENSE BOARD

DISCUSSION ON COMBATTING NEVADA'S AND CALIFORNIA'S UNDERGROUND ECONOMY

environmental requirements. And a contractor without workers' compensation insurance may do this to transfer liability for worker injuries on the project to the homeowner.

In either case, this is unlawful activity. California law requires any individual who pulls a permit as an "owner builder" to execute a declaration that they will comply with license laws and not sell the property pursuant to the various exemptions in the CSLB's owner builder law. CSLB has been informed by multiple jurisdictions that for any number of reasons, local building departments are not able to verify property ownership at the time of owner-builder permit issuance.

CSLB's **strategies** for addressing home flipping:

- Working with local prosecutors to investigate and prosecute contractors for filing a false document with a public office (Penal Code section 115)
- Establishing partnerships with local building departments through the California Association of Building Officials to encourage sharing of information and tips to possible fraudulent owner builder activity.



NEVADA STATE CONTRACTORS BOARD

DISCUSSION ON COMBATTING NEVADA AND CALIFORNIA'S UNDERGROUND ECONOMY

Unlicensed Activity

Contracting without a license and unlawful advertising are both illegal acts in Nevada and in violation of NRS 624.700 and NRS 624.710 respectively. The use of an unlicensed contractor places the homeowner at financial risk for worker injury claims, unpermitted work, poor workmanship, and/or abandoned projects. Nevada continues to have a significant problem with unlicensed contractors operating in the state, in both residential and commercial projects.

- During FY 21 – 22 (July 1, 2021 – June 30, 2022) NSCB referred 50 unlicensed contractor cases to local district attorneys for criminal prosecution and issued 230 administrative citations to unlicensed contractors.
 - In total, the Administrative citations resulted in over \$632,000 in fines and costs.
 - During the FY, the NSCB issued 287 Cease and Desist Orders to unlicensed contractors.
- During FY 21 – 22, complaints against unlicensed contractors totaled 718, or approximately 34% of consumer complaints filed with the NSCB.

Several investigations over the past year indicate a closer working relationship between some licensed contractors and unlicensed contractors than seen in previous years. There is speculation that the high demand for labor has resulted in licensed contractors subcontracting to unlicensed contractors in order to meet their construction time lines and manage construction costs. Investigations has also initiated more cases in which licensed contractors allow their licenses, for a fee, to be utilized by unlicensed contractors for the pulling of permits.

NSCB's recent strategies for combatting the underground economy/unlicensed contracting include:

- *Soliciting the construction industry and building departments to report suspected unlicensed contracting activities.* The construction industry is best situated to identify and report any suspected unlicensed construction activities being performed. With an estimated 101,000 construction workers in Nevada, there exists a force multiplier in the number of people in the construction field who can assist NSCB. Building department inspectors' job duties require their presence on construction sites, allowing them the opportunity to identify suspicious unlicensed activities. Though a permit is issued to a licensed contractor, there may be instances in which a General Contractor or Prime Contractor subcontracts work to unlicensed contractors. In all complaints regarding unlicensed contracting, we attempt to send investigators to the location the same day of the complaint.



NEVADA STATE CONTRACTORS BOARD

DISCUSSION ON COMBATTING NEVADA AND CALIFORNIA'S UNDERGROUND ECONOMY

- *Promote the NSCB website for license verification.* The NSCB participates in meetings with consumer groups, homeowner associations, real estate professionals, and senior groups, among others. The Board's message consistently promotes the verification of a contractor's license by checking with the NSCB website. To better protect consumers, we also encourage they verify the scope of a contractor's license, monetary limit, and any past disciplinary measures against the contractor when verifying the contractor's license status.
- *Use of sting operations for unlicensed activities.* In the past, sting operations have been successful in promoting the Board's mission through partnerships with the media. However, over the past few years complications in planning stings arose both from challenges of the pandemic and law enforcement's unavailability to assist NSCB's efforts. The lack of support from law enforcement is problematic in circumstances where there is a need for a custodial arrest. To adapt to the limited law enforcement assistance, the Board has utilized the strategy of having unlicensed contractors submit bids to investigators at commercial job sites. Bids are encouraged by the investigators to be sent electronically. The contractor is not confronted about his illegal activity until a few days later when he is requested to attend a meeting at the Board, at which time he is confronted about his unlicensed contracting. This adapted practice has proven successful in:
 1. Increasing the number of contractors submitting bids without a license during an operation.
 2. Not requiring law enforcement personnel to participate.



NEVADA STATE CONTRACTORS BOARD

DISCUSSION ON COMBATTING NEVADA AND CALIFORNIA'S UNDERGROUND ECONOMY

Workers' Compensation Enforcement

In Nevada, approximately 6400 contractors have filed the Certificate of Exemption claiming that they do not have employees or act as a subcontractor for a principal contractor. This number represents 37% of all licensed contractors in Nevada.

Per NRS 624.256, if a contractor fails to maintain in full force the required industrial insurance and the Board is advised by the Department of Industrial Relations (DIR) that the licensee has failed to comply with laws related to industrial insurance, the Board will advise the Contractor that they have 30 days to provide proof of compliance. If the contractor fails to provide the required proof, the Board will summarily suspend the license of the contractor until notice of compliance is received. During a suspension, the contractor cannot bid, contract, or perform any work.

If DIR issues a second violation against a contractor, the Board will conduct a hearing and if it is determined that a second offense has been committed within a 5-year period, the Board shall revoke the license.

Per NRS 3011.1(b)(4), the Board can take disciplinary action against a Licensee if there is a willful and deliberate disregard for the laws of Nevada regarding Industrial Insurance. NRS 624.256 (3) also provides authority to suspend, revoke, refuse to renew or otherwise discipline a licensee who fails to maintain the required industrial insurance.

The NSCB does not have statutory authority to issue "stop work" orders when contractors are found on jobsites with no workers' compensation insurance. Any licensee who is appearing at a Disciplinary Hearing, must show proof prior to the hearing that they have an active workers' compensation insurance policy.



NEVADA STATE CONTRACTORS BOARD

DISCUSSION ON COMBATTING NEVADA AND CALIFORNIA'S UNDERGROUND ECONOMY

Permit Avoidance

Contractors must comply with applicable state or local laws relating to the issuance of building permits. In both California and Nevada, a contractor's failure to comply with building permit requirements is a cause for fines and/or license discipline.

Contractors avoid permits to save time and money, which exposes homeowners to additional liability and costs. Additionally, some contractors will apply for and obtain a permit, but fail to request for any inspections then not schedule a final inspection at the completion of the project.

- Nevada recently issued a statewide Industry Bulletin (May 12, 2022), reminding contractors that pulling permits is required by law and warning that failure to do so is a dangerous liability for all involved.
- In FY 2021 - '22, NSCB issued 50 administrative citations relating to license contractors' failure to comply with building permit requirements.



NEVADA STATE CONTRACTORS BOARD

DISCUSSION ON COMBATTING NEVADA AND CALIFORNIA'S UNDERGROUND ECONOMY

House Flipping

Nevada experienced problems with property owners improving properties they own without complying with building permit regulations, contractor license and workers' compensation laws.

In Nevada, there are two problems:

1. Unlicensed individuals purchasing homes with no intention to live in them, perform (often substandard) work on the home with unlicensed contractors, and sell the home to an unsuspecting consumer for a quick profit.
2. Licensed contractors obtaining owner-builder permits to perform construction on homes they do not own in order to avoid regulatory oversight.

Both cases are an attempt to misuse the owner-builder exemption and not comply with contractor license requirements. Generally, the owner-builder license exemption is designed to allow a person to make improvements to their own real property that they reside in without being subject to license classification laws if the work is self-performed.

Developers and flippers fraudulently use owner-builder permits to avoid state oversight of license and safety requirements, insurance, and accountability for the quality of work performed. A contractor without workers' compensation insurance may prefer to work under an owner-builder permit in order to transfer liability to the homeowner of a worker's injury on the project.

In either case, this is unlawful activity. The owner-builder exemption requires any individual who applies for and obtains an owner-builder permit to execute a declaration that they intend to comply with license laws, reside in the property for not less than one year, and not sell the property within a specific period of time.

NSCB's strategies for addressing house flipping:

- Meeting with licensed contractors to discuss the scope of the issue.
- Develop strategies and messaging to inform the public of potential issues with purchasing flipped houses.
- Building and maintaining partnerships with realtors, developers, property managers, and homeowners' associations to raise awareness about the issue and the potential financial and safety liabilities.

AGENDA ITEM C-4

Partnering with State Agencies

- a. Joint Enforcement Strike Force
- b. Labor Enforcement Strike Force





CONTRACTORS STATE LICENSE BOARD

PARTNERING WITH STATE AGENCIES

The written updates corresponding with Agenda Item C of this packet are topics for Nevada and California board member discussion at the August 31 meeting.

Joint Enforcement Strike Force

Joint Enforcement Strike Force or JESF, is a statutorily established collaboration of California tax, wage, workplace safety, and state licensing agencies. Participants include the Employment Development Department, Department of Industrial Relations Division of Labor Standards Enforcement and Division of Occupational Safety and Health, and the Department of Insurance. JESF works with local and federal agencies to:

- Combat the underground economy in California.
- Promote a level playing field for California businesses.

The CSLB is one of the fourteen members agencies of JESF. CSLB has established memorandum of understanding with many of the JESTF members that codify sharing of information and establish a schedule for conducting joint investigation of construction businesses.

In 2021, JESF enforcement activities resulted in the suspension of 221 licenses for outstanding tax and penalty liabilities totaling over \$34.5 million. CSLB's license suspension program resulted in the payment of almost \$19 million to allied state agencies.

Labor Enforcement Task Force

The Labor Enforcement Task Force, under the direction of the Department of Industrial Relations, is a coalition of California State government enforcement agencies that work together and in partnership with local agencies to combat the underground economy. In this joint effort, information and resources are shared to ensure employees are paid properly and have safe work conditions and honest, law-abiding businesses have the opportunity for fair competition. LETF is committed to outreach and education and has produced information for workers and employers to ensure they know their rights and responsibilities. The task force goals are:

- Ensure that workers receive proper payment of wages and are provided a safe work environment.
- Ensure that California receives all employment taxes, fees, and penalties due from employers.
- Eliminate unfair business competition by leveling the playing field.
- Make efficient use of state resources in carrying out LETF's mission.



CONTRACTORS STATE LICENSE BOARD

PARTNERING WITH STATE AGENCIES

- LETF members conduct sweeps at active job sites to verify employee wages and compliance with licensing, insurance, tax, and job safety requirements.

The CSLB is one of the nine member agencies of LETF. Inspections conducted by LETF at construction sites of 88 contractor businesses in 2021 found 75 percent of contractors were out of compliance with one or more contractors state license law requirements.



NEVADA STATE CONTRACTORS BOARD

DISCUSSION ON COMBATTING NEVADA AND CALIFORNIA'S UNDERGROUND ECONOMY

Underground Economy Construction Fraud - Interagency Task Force

The Underground Economy Construction Fraud Interagency Task Force (Task Force) was formed in 2022 and is a multi-agency task force in Nevada that was formed for the purpose to create procedures necessary to communicate regarding the licensing and regulation of contractors who operate and do not comply with the law.

To date, participants include the NSCB, District Attorney's Offices, Building Departments, Clark County District Attorney's Office, Nevada Division of Industrial Relations, Nevada Office of the Labor Commissioner, and Nevada OSHA. The purpose of the Task Force is to facilitate working partnerships among the cooperating agencies and designated contractors in order to improve their coordination and collaboration regarding the regulation of unlicensed contractors.

The objectives of the Task Force are as follows:

1. The exchange of information relating to unlicensed contracting.
2. Permitting the agencies to assist each other in the regulation of unlicensed contracting.
3. Identify areas where roles and responsibilities may overlap.
4. Provide a forum for agencies to file a complaint or apprise another agency regarding an unlicensed contractor.
5. Conduct joint outreach presentations; prepare and distribute publications of common concerns.

Coordination meetings are held in both Northern and Southern Nevada once each quarter for the purpose of discussing procedures, laws, changes, proposed legislation or any topic which may be related to the Task Force purpose and objectives. Such meetings provide an opportunity for representatives to share information, review agency responsibilities/programs, and identify additional opportunities for improvement that may require the attention and support of other agencies in the Task Force.

The written updates corresponding with Agenda Item C of this packet are topics for Nevada and California board member discussion at the August 31st meeting.

Task Force on Employee Misclassification

The Task Force on Employee Misclassification was created during the 2019 Nevada Legislature. Executive Officer Grein serves as one of the eight members appointed by the Governor to serve on the Task Force. Four meetings were held during FY 2021-22.

The Task Force reviewed current laws and regulations governing misclassification and independent contractors. Additionally, the Task Force heard presentations from the Nevada Labor Commissioner, Nevada Department of Employment, Training and Rehabilitation, The Nevada State Contractors Board, and the US Department of Labor.



NEVADA STATE CONTRACTORS BOARD

DISCUSSION ON COMBATTING NEVADA AND CALIFORNIA'S UNDERGROUND ECONOMY

The year-end annual report of the Task Force contains recommendations for consideration by the 2023 Nevada Legislature. Recommendations include in part: modifying statutes or regulations that prohibit sharing of investigative information relating to misclassification between agencies and creating a standard definition for misclassification in various NRS sections

At the latest meeting of the Task Force, discussion focused on the possible ‘sunsetting” of the Task Force on Employee Misclassification and creating working groups that could meet regularly to share information on misclassification cases.

AGENDA ITEM C-5

Multi-State Sting and Sweeps





23309 N. 17th Drive, Building 1, Suite 110
Phoenix, Arizona 85027
Phone: (623) 587-9354
Fax: (623) 587-9625

**PRESS RELEASE
FOR IMMEDIATE RELEASE**

Contact: Angie Whitaker, CAE
NASCLA Executive Director
Phone: (623) 587-9354
Email: angiewhitaker@nascla.org

NASCLA ANNOUNCES 2022 NATIONAL COORDINATED ENFORCEMENT EFFORT
THE OPERATION INCLUDED 12 STATE MEMBERS ACROSS THE COUNTRY, TARGETING UNLICENSED CONTRACTORS

PHOENIX, AZ – JUNE 30, 2022

The National Association of State Contractors Licensing Agencies (NASCLA) synchronized a national coordinated enforcement effort during the weeks of June 6 – 24, 2022. There were 12 NASCLA State Members who took part in this event across the country including: Arizona, California, Connecticut, District of Columbia, Florida, Mississippi, Nevada, North Carolina (2), Oregon, Texas, and Utah.

The national coordinated enforcement effort focused on elevating the regulatory agency's presence in the community and nationally. The goal of our state members was to come together in a united partnership to promote both consumer and public protection through the licensing and/or registration of contractors and tradespeople. The enforcement effort involved state public information departments, investigative departments, executive directors/officers and the public media.

This nationally coordinated collaboration among our state members provided the opportunity to protect the consumers, deter illegal construction activity and level the playing field for legitimate contractors in the construction industry. Along with combating the increased illegal unlicensed activity nationally, the intention was to warn consumers that they need to be aware of these activities for regulatory compliance.

Based on joint coordinated enforcement efforts during the weeks of June 6 – 24, 2022, NASCLA State Members reported a total of **775** cases that were non-compliant with state licensing requirements. Administrative citations, criminal notices, legal actions, additional investigations, and more have been issued by the state contractor licensing agencies. The following regulatory agency statistics were reported by the NASCLA State Members based on their national coordinated enforcement efforts:



On Tuesday, June 7, 2022, 30 investigators from the [Arizona Registrar of Contractors \(AZ ROC\)](#) participated in a statewide effort intended to combat illegal unlicensed construction activity and to promote quality construction performed by licensed Arizona contractors.

The recent enforcement effort was part of a nationwide operation planned in coordination with the National Association of State Contractors Licensing Agencies (NASCLA) and targeted Phoenix, Tucson, Kingman, Lake Havasu, Flagstaff, Prescott, Show Low, Yuma, Sierra Vista, and Globe, as well as some surrounding rural areas. There were

15 teams, each composed of two investigators, who performed enforcement patrols in an attempt to curb unlicensed activity and to also educate the public about the importance of only hiring licensed contractors for remodeling or home repair projects, yielding 265 distinct interactions.

In total, the 15 teams made contact with 25 unlicensed entities, opening 22 cases which resulted in the Agency issuing warnings for Contracting Without a License, a Class 1 Misdemeanor in Arizona, and issuing one Cease and Desist Order. The teams also reported interactions with 190 licensed contractors. To comply with Arizona law and avoid regulatory actions, AZ ROC highly encourages unlicensed entities to apply for a contractor's license appropriate for the type of work being performed. For those uncertain about the process, the Agency offers free online Applicant Education Seminars every month in order to explain application requirements and answer questions from potential applicants in real time.

[View the Arizona Registrar of Contractors Full Press Release](#)



A series of statewide stings and sweeps conducted by the [Contractors State License Board \(CSLB\)](#) identified unlicensed activity in the California construction industry, putting consumers at risk. During the undercover sting and sweep operations 142 legal actions were taken, primarily for unlicensed and uninsured practice. One of the many ways unlicensed contractors can hurt homeowners is because they have not met minimum competency requirements, do not have a license bond, or carry workers' compensation insurance, putting consumers at risk.

"Unlicensed individuals can be dangerous for consumers," said David Fogt, CSLB Registrar.

"Unlicensed contractors have not met licensing requirements, undergone background checks and don't carry the proper insurance," Fogt said.

From June 6 – 24, 2022, CSLB partnered with local law enforcement to conduct three undercover sting operations in South Lake Tahoe, El Dorado County; Salinas, Monterey County; and in Redding, Shasta County. Undercover stings target unlicensed contractors, with investigators contacting the suspects through their advertisements.

The enforcement actions were part of a nationwide effort coordinated by the National Association of State Contractors Licensing Agencies (NASCLA) designed to make consumers aware of the importance of hiring licensed contractors and the risks of using unlicensed operators.

[View the California Contractors State License Board's Full Press Release](#)



The [Connecticut Department of Consumer Protection](#) participated in its first National Coordinated Enforcement Effort with multiple state members of the National Association of State Contractors Licensing Agencies (NASCLA). During the weeks of June 6 – 24, 2022, the department focused its enforcement and outreach efforts on homemaker and companion agencies.

The department reviewed [Homemaker Companion Agencies'](#) advertisements for compliance with the Homemaker Companion Act, Chapter 400o of the Connecticut General Statutes. Over 100 active HCAs were identified for this enforcement audit.

Current research of the HCA's advertising finds approximately 40 non-compliant homemaker and companion agencies.

Violations include failure to provide the HCA registration number on websites, offering medical services, to include skilled memory care and assisted living services.



The [District of Columbia Department of Consumer and Regulatory Affairs \(DCRA\)](#) protects the health, safety, economic interests and quality of life of residents, businesses and visitors in the District of Columbia by ensuring code compliance and regulating business. DCRA is responsible for regulating construction and business activity in the District of Columbia. The agency issues construction permits after reviews of construction documents to ensure compliance with

building codes and zoning regulations. Construction activity, buildings, and rental housing establishments are inspected, and housing code violations are abated, if necessary. To protect consumers, DCRA issues business and professional licenses, registers corporations, inspects weighing and measuring devices used for monetary profit, and issues special events permits.

During the weeks of June 6 – 24, 2022, DCRA was part of a national coordinated enforcement effort by state members of the National Association of State Contractors Licensing Agencies (NASCLA) to target fraudulent construction activity. The DCRA conducted multiple unannounced site visits, resulting in filed complaints, and the opening of many investigations on cases.



The [Florida Department of Business and Professional Regulation \(DBPR\)](#) participated with the National Association of State Contractors Licensing Agencies (NASCLA) in a national coordinated enforcement effort the weeks of June 6 – 24, 2022, which included multiple NASCLA state members who took part in this event across the country.

“I commend the Florida DBPR Division of Regulation’s enforcement efforts in stopping unlicensed contractors across the state of Florida, along with participating state members,” said DBPR Secretary Melanie S. Griffin. “Thank you to NASCLA for coordinating this effort to join together in promoting public protection and deterring illegal construction activity.”

DBPR licenses and regulates nearly 1.6 million Florida businesses and professionals, from real estate agents and veterinarians to contractors and cosmetologists. Protecting the public from unlicensed activity is one of DBPR’s top priorities. DBPR regularly performs “sweeps” of regulated businesses and professionals to ensure they are working within the constraints of their licensees.

From June 6 – 24, 2022, the Division of Regulation conducted a statewide sweep targeting unlicensed construction and electrical contractors. The sweeps were performed by 10 regional field offices and netted a total of 250 unannounced site visits with 751 license checks of construction and electrical contractors.

[View the Florida Department of Business and Professional Regulation’s Full Press Release](#)



The [Mississippi State Board of Contractors \(MSBOC\)](#) participated in a national coordinated enforcement effort the weeks of June 6 – 24, 2022 aimed at deterring illegal, unlicensed activity. MSBOC’s involvement represented one of multiple states participating in coordination with the National Association of Contractor Licensing Agencies (NASCLA). During the 3-week time period, MSBOC Investigators visited more than 511 jobsites for compliance, filed 46 complaints and are still investigating an additional 57 cases.

MSBOC is the state agency responsible for licensing and regulating construction contractors in Mississippi. “Protecting the public from unscrupulous contractors is one of MSBOC’s top priorities,” explains MSBOC’s Executive Director Stephanie Lee.

Contractors must hold a Mississippi contractor’s license in order to perform most work on homes and commercial structures. Licensing protects public health, safety and welfare by ensuring contractors meet minimum standards and are properly insured to cover liability and worker’s compensation claims.

[View the Mississippi State Board of Contractors’ Full Press Release](#)



In a coordinated effort with the National Association of State Contractors Licensing Agencies (NASCLA), the [Nevada State Contractors Board's \(NSCB\) Enforcement Division](#) engaged in a multi-state effort to combat individuals unlawfully performing construction related activities in the State of Nevada. NSCB efforts focused on those advertising without a license (NRS 624.720) and contracting without a license (NRS 624.700).

“Over the past 3 weeks, the Nevada State Contractors Board concentrated investigative efforts on a national coordinated enforcement effort focused on unlicensed contractors,” stated NSCB Executive Officer Margi Grein. “From June 6 – 24, 2022, we conducted 3 sting operations and dozens of site visits. Similar operations were occurring at the same time in multiple states through the synchronization of NASCLA.”

[View the Nevada State Contractors Board Full Press Release](#)



During the weeks of June 6 – 24, 2022, the National Association of State Contractors Licensing Agencies (NASCLA) brought together NASCLA State Members from across the country in a national coordinated enforcement effort. While formal efforts were not conducted by the [North Carolina State Board of Examiners of Electrical Contractors](#), during these 3 weeks, the agency did receive 26 complaints by consumers alleging charges against applicants, non-licensees, licensees, or qualified individuals with the Board.

“Our mission is to protect the life, health and property of the public through examination of applicants, education of licensees and discipline of individuals to promote quality electrical contracting in accordance with the North Carolina General Statutes,” said Tim Norman, Executive Director of the North Carolina State Board of Examiners of Electrical Contractors. “The efforts made by NASCLA and its members to support the licensing of contractors and tradesmen is extremely important to the consumer, to increase awareness of the potential risks of hiring unlicensed and to deter illegal construction activity.”



The [North Carolina Licensing Board for General Contractors \(NCLBGC\)](#) has launched a statewide public awareness campaign called “Your Home is in Your Hands,” in coordination with a month-long national enforcement effort by the National Association of State Contractors Licensing Agencies (NASCLA). The Your Home is in Your Hands campaign focuses on informing citizens when their remodeling/building projects require a licensed general contractor and showing real-world examples of unlicensed contractors scamming homeowners. Through this campaign, the NCLBGC aims to educate homeowners on how to avoid scams, work well with general contractors, and know when a project is required, by law, to have a licensed contractor.

“The NCLBGC is pleased to join with NASCLA and enforcement agencies from across the United States during the month of June in a coordinated effort to raise consumer awareness and shine a bright light on contractors who are not operating in full compliance with the law,” Frank Wiesner, Executive Director, NCLBGC explained. “The Your Home is in Your Hands campaign aims to enhance consumer awareness and educate on the importance of hiring licensed contractors. When a citizen hires an unlicensed contractor and gets scammed, they may be putting themselves at great financial risk,” he added.

[View the North Carolina Licensing Board for General Contractors Full Press Release](#)



The [Oregon Construction Contractors Board](#) is investigating 43 potential violations after investigators visited 230 job sites looking for unlicensed contractors. This Oregon sweep was a part of a joint effort taking place over many states, coordinated by the National Association of State Contractor Licensing Agencies (NASCLA). State licensing agencies associated with NASCLA all conducted their own sweeps at this time.

During the sweeps event, CCB Field Investigators from around the state acted as one team to saturate targeted areas in a coordinated approach to discover unlicensed contractor activity. CCB sweeps occur multiple times a year in different regions to show strong presence in the field and act as a deterrent for illegal activities.

“CCB’s most recent sweeps in southern Oregon and the Portland metro area demonstrate the importance of CCB’s field enforcement program,” said Chris Huntington, CCB Administrator. “These targeted sweeps supplement the agency’s ongoing statewide field investigation program, which acts as our first line of defense in protecting consumers and supporting licensed contractors.”

[View the Oregon Construction Contractors Board Full Press Release](#)



The Texas consumers hiring electricians and air conditioning and refrigeration contractors should always check to make sure their service providers are licensed by the [Texas Department of Licensing and Regulation \(TDLR\)](#).

“Hiring an unlicensed electrician or air conditioning contractor can put you and your family at great risk,” said TDLR Executive Director Mike Arismendez Jr. “Licensed service providers have completed training and passed examinations that cover regulations and building codes designed to protect health and safety. They’ve also had criminal background checks and have liability insurance.”

TDLR enforcement investigators ran a one-week undercover sting in the San Antonio area as part of a national enforcement effort in June that was coordinated by the National Association of State Contractors Licensing Agencies (NASCLA).

During the sting, TDLR investigators contacted people who advertised electrical and air conditioning services in local newspapers or on social media and did not include license information in the ads as they’re required to do by state law. Investigators have filed 10 enforcement cases against unlicensed electricians and air conditioning contractors who offered to perform unlicensed work during the sting.

[View the Texas Department of Licensing and Regulation’s Full Press Release](#)



The [Utah Division of Occupational and Professional Licensing \(DOPL\)](#) is 1 of 7 agencies within the Utah Department of Commerce. DOPL's mission is twofold: protect the public and enhance commerce through licensing and regulation. To fulfill its responsibilities, DOPL's efforts are organized into two primary functions: licensing and investigations. DOPL's Bureau of Investigations is comprised of approximately 30 investigators who are trained and experienced in investigative procedures. Many of DOPL's investigators are retired law enforcement officers from jurisdictions throughout the state and country. DOPL's investigators and in-house legal counsel work closely with the Utah Attorney General's Office, which provides DOPL with legal assistance for licensure and investigative functions. During the weeks of June 6 – 24, 2022, DOPL participated in a national coordinated enforcement effort along with other state members of the National Association of State Contractors Licensing Agencies (NASCLA).

There were 112 in both complaints received and cases opened, with 3 disciplinary actions, 47 number of unlicensed found, 2 legal actions, 1 criminal notice, and 69 cases closed.



“This year’s National Coordinated Enforcement Effort took place during the weeks of June 6 – 24, 2022 and had 12 state members participate. This program continues to grow as NASCLA, and its state members, are committed to tackling illegal construction practices across the country, so the playing field is leveled for all professionally licensed contractors who follow state laws, rules, and regulations. NASCLA would like to express gratitude to all the state members for their continued partnership and national enforcement efforts to safeguard the public and prevent unlicensed activity,” stated Angie Whitaker, CAE, NASCLA Executive Director.

NASCLA encourages consumers when looking for a construction contractor to:

- Verify the contractor is actively licensed; always hire a licensed contractor
- Get 2-3 estimates and don’t automatically accept the lowest bid
- Check at least 3 references
- Require a written contract
- Don’t make a large down payment; make payments as work is completed
- Monitor the job in progress
- Don’t make the final payment until the job is complete
- Keep all paperwork related to your job

The association would like to reinforce the message to consumers always *Hire a Licensed Contractor and Verify Your Contractor is Licensed*. To review our consumer awareness information, please visit our website located www.nascla.org/page/ConsumerReferenceLib. To verify your contractor is licensed and in good standing with the state contractor board, please visit our website located at www.nascla.org/page/LicensingInfo or contact your local state contractor licensing agency for state specific information.

For more information on NASCLA, please visit our website at www.nascla.org or contact the association office at (623) 587-9354.



NEVADA STATE CONTRACTORS BOARD

NEWS RELEASE

FOR IMMEDIATE RELEASE
June 30, 2022

CONTACT: Michael Phillips
Public Information Officer
Office: (702) 486-1139
Cell: (702) 596-2131
mphillips@nscb.state.nv.us

BOARD PARTICIPATES IN NATIONAL COORDINATED ENFORCEMENT EFFORT

LAS VEGAS and RENO, NEV. – In a coordinated effort with the National Association of State Contractors Licensing Agencies (NASCLA), the Nevada State Contractors Board’s (NSCB) Enforcement Division engaged in a multi-state effort to combat individuals unlawfully performing construction related activities in the State of Nevada. NSCB efforts focused on those advertising without a license (NRS 624.720) and contracting without a license (NRS 624.700).

“Over the past 3 weeks, the Nevada State Contractors Board concentrated investigative efforts on a national coordinated enforcement effort focused on unlicensed contractors,” stated NSCB Executive Officer Margi Grein. “From June 6 – 24, 2022, we conducted 3 sting operations and dozens of site visits. Similar operations were occurring at the same time in multiple states through the synchronization of NASCLA.”

Investigators from the Board’s Compliance and Special Investigations Divisions teamed up to perform 98 site visits at construction sites during the three-week time period where violations of NRS Chapter 624 were validated among licensed and unlicensed contractors. Additionally, three sting operations were conducted resulting in 11 criminal cases against unlicensed contractors. In total, the Board’s efforts during the time period resulted in 50 criminal cases for unlawful construction activities; 7 cases related to violations of industry regulations under NRS 624; and the issuance of 22 Cease and Desist Orders.

“On the surface, unlicensed contracting may not seem like the most serious crime, but the consequences can be devastating to homeowners, especially when it results in injury or death,” said Grein. “Additionally, homeowners who utilize unlicensed contractors lose significant protections including access to Nevada’s Residential Recovery Fund.”

The concentrated effort in Nevada was part of a nationwide effort in multiple states to curtail illegal contracting and highlight the financial and public safety threats it presents. Unlicensed contractor sting operations are an opportunity for Board investigators to pose as home and business owners in an effort to solicit bids from

(more)



NEVADA STATE CONTRACTORS BOARD NEWS RELEASE

unlicensed contractors. These unlicensed contractors have advertised services often requiring a contractor's license on online bulletin boards, social media, and other locations. Bids received from unlicensed individuals in excess of \$1,000, including labor and material, or for work that requires a contractor's license or building permit are illegal.

Upon receipt of an illegal bid, Board Investigators disclose their affiliation, issue a criminal citation in most cases, and encourage the unlicensed individual to obtain their contractor's license, which may result in a lesser penalty. Nevada law requires any electrical, plumbing, heating and air conditioning or fire protection work to be performed by a properly licensed Nevada contractor, as these are trades that can have significant life safety impacts on the public.

One of the ways Nevadans who hire licensed contractors are protected is through the Residential Recovery Fund. The Fund is available to owners of single-family residences and allows an owner who is damaged by a licensed contractor up to four years from the date work is performed to submit a claim. The fund may award up to \$40,000 for repairs and to recover damages.

The Board urges anyone who comes across unlicensed contracting activities to report the information to NSCB's Unlicensed Contractor Hotline: (702) 486-1160 or (775) 850-7838. Details to provide the Board, when available, include the unlicensed contractor's name, address (business and/or physical location where work is being performed), phone number, vehicle description, license plate, business card and/or advertisement, contracts signed by the unlicensed person, etc.

Disclaimer – All alleged suspects are presumed innocent until proven guilty by a court of law.

###

The Nevada State Contractors Board is committed to ensuring the integrity and professionalism of the construction industry in Nevada. The NSCB has the responsibility to promote quality construction by Nevada licensed contractors through a regulatory licensing system designed to protect the health, safety and welfare of the public. For more information about the Nevada State Contractors Board, please visit www.nscb.nv.gov.

Follow the Board on [Facebook](#), [Twitter](#), [LinkedIn](#), and [Instagram](#).

NORTHERN NEVADA OFFICE: (775) 688 1141 5390 Kietzke Ln., #102, Reno, NV 89511

SOUTHERN NEVADA OFFICE: (702) 486 1100 8400 West Sunset Road, Suite 150, Las Vegas, NV 89113

(Please note new Southern Nevada Address)

www.nscb.nv.gov

News Release

www.cslb.ca.gov | CheckTheLicenseFirst.com | SeniorScamStopper.com

June 30, 2022

CSLB #22-05

Media	Mike Melliza Chief of Administration 916.255.4324 mike.melliza@cslb.ca.gov	Kevin Durawa Information Officer 916.255.4693 kevin.durawa@cslb.ca.gov	Samantha DeMelo Information Officer 916.255.3273 samantha.demelo@cslb.ca.gov	Angie Whitaker, CAE NASCLA Executive Director 623.587.9354 angiewhitaker@nascla.org
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Contractors Face 142 Legal Actions After Series of Statewide Stings and Sweeps

Contractors State License Board enforcement operation part of national effort to warn consumers about dangers of hiring unlicensed or uninsured contractors

(La traducción al español sigue)

SACRAMENTO, Calif. – A series of statewide stings and sweeps conducted by the [Contractors State License Board](http://www.cslb.ca.gov) (CSLB) identified unlicensed activity in the California construction industry, putting consumers at risk.

During the undercover sting and sweep operations 142 legal actions were taken, primarily for unlicensed and uninsured practice.

One of the many ways unlicensed contractors can hurt homeowners is because they have not met minimum competency requirements, do not have a license bond, or carry workers' compensation insurance, putting consumers at risk.

"Unlicensed individuals can be dangerous for consumers," said David Fogt, CSLB Registrar. "Unlicensed contractors have not met licensing requirements, undergone background checks and don't carry the proper insurance," Fogt said.

From June 6 to 24, 2022, CSLB partnered with local law enforcement to conduct three undercover sting operations in **South Lake Tahoe, El Dorado County; Salinas, Monterey County;** and in **Redding, Shasta County**. Undercover stings target unlicensed contractors, with investigators contacting the suspects through their advertisements.

The suspected unlicensed operators came to the sting locations to place bids on projects including **ceramic and mosaic tile, concrete, deck work, fencing, flooring, landscaping, painting, plumbing, sheet metal, and tree services**. As a result, a total of 40 legal actions were filed and 32 people are subject to misdemeanor criminal charges for contracting without a license. Unlicensed contractors can face penalties of up to six months in jail and/or a fine of up to \$15,000 if they bid or contract for work valued at more than \$500.

Fifty-three sweep operations of construction sites were also conducted in **Contra Costa, El Dorado, Fresno, Kern, Los Angeles, Marin, Monterey, Napa, Orange, Placer, Sacramento, San Benito, San Bernardino, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, and Ventura counties** that resulted in 102 legal actions against licensed and unlicensed contractors. Twenty-six of the legal actions were for unlicensed contracting and 38 Stop Orders were issued which halted all employee labor at active job sites where contractors did not have workers' compensation insurance for their employees.

The enforcement actions were part of a nationwide effort coordinated by the [National Association of State Contractors Licensing Agencies](#) designed to make consumers aware of the importance of hiring licensed contractors and the risks of using unlicensed operators.

“Nationwide enforcement operations are key to educating consumers about the risks of not checking a contractor’s license,” Fogt said. “It takes only seconds to find a contractor’s license information on the CSLB’s website to confirm they are licensed.”

During the stings and sweeps, six individuals were also cited for requesting an excessive down payment. In California, a home improvement project down payment can't exceed 10-percent of the contract total or \$1,000, whichever is less, and subsequent payments may not exceed the value of working being paid for. This misdemeanor charge carries a maximum penalty of six months in jail and/or a fine of up to \$5,000.

During operations, unlicensed individuals were given information on getting licensed and were invited to attend one of CSLB's [Licensed to Build workshops](#). CSLB also created a new [B-2 licensing classification](#) for home remodeling with the goal of promoting the growth of small businesses and increasing consumer protection.

For their protection, CSLB recommends that consumers get at least three bids and check references before hiring someone for a construction job. Consumers can quickly check if a contractor is licensed on CSLB's online [Instant License Check](#).

From the License Check, consumers can also view the contractor's individual license page, which indicates if the contractor is carrying workers' compensation insurance for employees. Contractors without workers' compensation insurance should not have workers on the jobsite. Consumers can find a list of licensed contractors in their area by using CSLB's [Find My Licensed Contractor](#).

About CSLB: *CSLB operates under the umbrella of the Department of Consumer Affairs and licenses and regulates nearly 285,000 contractors in California. In 2021, CSLB helped consumers recover more than \$44 million in ordered restitution.*

###

This email was sent because you subscribed to the email alert feature on the Contractors State License Board (CSLB) website, www.cslb.ca.gov, or because you indicated an interest in receiving CSLB materials electronically. Your email address is not shared with third party sources. [Subscribe](#) [Unsubscribe](#).

Please do not reply to this email. Contact information can be found on the [CSLB website](#).

AGENDA ITEM C-6

Outreach Successes and Opportunities





CONTRACTORS STATE LICENSE BOARD

OUTREACH SUCCESSES AND OPPORTUNITIES

The written updates corresponding with Agenda Item C of this packet are topics for Nevada and California board member discussion at the August 31 meeting.

Outreach Successes and Opportunities

The CSLB Public Affairs Office is currently focused on expanding CSLB's online presence through both standard platforms and emerging technologies to improve effectiveness in educating consumers and the industry.

In getting information out to licensees, here are some of the recent CSLB outreach successes:

- Applicant outreach series, publications in English and Spanish as follows: It Pays to Get Licensed; Steps to Becoming a Licensed Contractor; Summary of Acceptable Documentation to Verify Work Experience; Fingerprinting Requirements; Preparing for the Exam
- Get Licensed to Build Series: the first Friday of every month, interactive workshops to help contractors apply for a license, in English and Spanish.
- Board updates, consumer, licensee, and disaster information posted via Facebook, Twitter, YouTube, LinkedIn, Instagram, and Flickr; number of CSLB followers across all platforms has already increased by over 1,000 in 2022.
- Nine news releases and industry bulletins in 2022.
- More information about CSLB outreach successes are located in the CSLB Public Affairs update in the Day 1, August 30, 2022 Board Meeting packet (Agenda Item G)

Planned outreach opportunities include:

- Exploring the possibility of developing a CSLB podcast to discuss topics of interest to consumers and contractors
- Recruiting staff in disadvantaged areas to build upon a diverse workplace
- Leveraging online surveys to collect information from staff and the public about improving CSLB services
- Enhanced use of social media tools to explore ways to promote licensure and the CSLB "brand"

To stay current with emerging technologies, staff routinely meet with industry leaders and building officials. A recent focus is on the heating, ventilation, air conditioning industry that plays a vital role in California's statewide decarbonization efforts.

The State of California has set goals to meet certain greenhouse gas emission reduction targets by 2030. In July of 2022, Governor Newsom called for the



CONTRACTORS STATE LICENSE BOARD

OUTREACH SUCCESSES AND OPPORTUNITIES

development of plans to advance offshore wind, clean fuels, climate-friendly homes, carbon removal, and addressing methane leaks.

CSLB must do its part to determine how it can be of assistance in this effort. In June, CSLB staff met with industry representatives to discuss the impact of statewide decarbonization goals and recent energy policies on the industry. Industry collaboration opportunities include:

- Establishing a task force to research the license classifications most impacted by the decarbonization goals, and the changes in state building codes that affect them.
- Develop an action plan to educate contractors on new requirements and ensure CSLB license examinations are updated to date on the evolving standards.
- Collaboration with industry and building departments to achieve permit compliance.



NEVADA STATE CONTRACTORS BOARD

DISCUSSION ON COMBATTING NEVADA AND CALIFORNIA'S UNDERGROUND ECONOMY

Outreach Successes and Opportunities

Utilizing innovative, resourceful, and broad-based techniques, the NSCB Public Information Office strives to implement diverse communication strategies promoting the Board's key messages of public safety and the integrity of the construction industry.

NSCB outreach successes during FY 2021 – '22:

- *Residential Solar Outreach Campaign.* The Nevada State Contractors Board partnered with Clark County Commission Chair Marilyn Kirkpatrick and Nevada State Senator Chris Brooks to host a joint press conference on the implementation of SB 303 concerning residential solar requirements, as well as inform the public of the importance of hiring licensed Nevada contractors for projects like residential pool and spa construction. To promote these changes, the Board created a new "Residential Solar" tab under consumer information on the NSCB website. Additionally, we distributed an Industry Bulletin to all licensees informing them of the changes that took effect October 1, 2021, sent information to industry groups as well as the media to help expand our outreach, and integrated new solar graphics into our social media.
- *Creation of LinkedIn Page.* In October, NSCB began a LinkedIn page as another way to connect and engage with the public. Since then, we have posted over 130 times on LinkedIn. Now, there are over 400 followers of the page, providing our content to another audience in the social media sphere and helping to diversify our influence.
- *Community Outreach in Many Forms.* Connecting to and sharing valuable information with people across Nevada is the main objective of NSCB's outreach efforts. Each forum is an opportunity to reach a new audience. Events attended by NSCB staff that catered to seniors, homeowners, and young families included the Sun City Summerlin, Reno, and Anthem Home Shows and presentations to the Boulder City and Douglas County Senior Centers. Additionally, the Board participated in events like Construction Career Day and the Consumer Protection's Awareness Week. These forums provided an opportunity to share more in-depth information with state and local representatives and industry professionals about license verification, the Board's investigative services, and related resources.
- *Board Focuses Communications on Importance of Using Licensed Contractors to Realtors, Developers, and Owners of Real Estate.* During the fiscal year, NSCB continued a focus on communications to provide information to owners, developers and real estate professionals on the importance of using licensed contractors. These efforts throughout the fiscal year included:
 - Sending social media kits to real estate industries and groups (statewide)
 - NSCB writing two columns for Nevada Realtors Association newsletter
 - Engaging with real estate professionals for panels



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- Posting social media content tailored to the real estate industry
- Distributing SB 303 announcement email to industry groups (statewide)
- *Continue Outreach to Potential Licensees to Spark Interest in the Contractor Profession.* During the fiscal year, NSCB welcomed the opportunity to work collaboratively with the industry in reaching out to high school students to share the value of a career in construction. The forums provided an interactive discussion with students and highlighted the benefits of a career in construction. Each panelist shared their personal story of how they entered the field of construction. Such testimony demonstrated the different paths taken to achieve success in the construction industry. This forum enabled students think about their current interests and skills, and how they may translate to a construction-related occupation.

Here are some of the NSCB's Public Information Office planned outreach opportunities in FY 2022 – '23:

- Updating the NSCB Communications Plan, emphasizing the benefits of hiring licensed contractors.
- Inform homeowners (including emphasizing seniors and other vulnerable communities), the media, real estate industry, and other stakeholders about contracting rules and requirements.
- Update the NSCB website and mobile app to improve ease of use, "look and feel," and site navigation.
- Provide outreach materials in Spanish.

AGENDA ITEM D

Adjournment

